



General Assembly

January Session, 2003

Committee Bill No. 5480

LCO No. 3962

Referred to Committee on Insurance and Real Estate

Introduced by:
(INS)

AN ACT CONCERNING INSURANCE PRODUCER COMMISSIONS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-702l of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2003*):

3 (a) An insurance company or insurance producer shall not pay a
4 commission, service fee, brokerage or other valuable consideration to a
5 person for selling, soliciting or negotiating insurance in this state if the
6 person is required to be licensed under sections 38a-702a to 38a-702r,
7 inclusive, and is not so licensed.

8 (b) A person shall not accept a commission, service fee, brokerage or
9 other valuable consideration for selling, soliciting or negotiating
10 insurance in this state if the person is required to be licensed under
11 sections 38a-702a to 38a-702r, inclusive, and is not so licensed.

12 (c) Renewal or other deferred commissions may be paid to a person
13 for selling, soliciting or negotiating insurance in this state if the person
14 was required to be licensed under sections 38a-702a to 38a-702r,
15 inclusive, at the time of the sale, solicitation or negotiation and was so

16 licensed at that time.

17 (d) An insurer [or insurance producer] may pay or assign
18 commissions, service fees, brokerages or other valuable consideration
19 to an insurance agency or to persons who do not sell, solicit or
20 negotiate insurance in this state, unless the payment would violate
21 section 38a-825. No insurance producer may pay or assign
22 commissions, service fees, brokerages or other valuable consideration
23 to any person unless the person is licensed for the applicable line of
24 authority in accordance with sections 38a-702a to 38a-702r, inclusive.

This act shall take effect as follows:	
Section 1	October 1, 2003

Statement of Purpose:

To prohibit insurance producers from paying commissions or other fees to persons who are not licensed for the line of insurance for which the commission or fee was originally paid.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]

Co-Sponsors: REP. CARSON, 108th Dist.

H.B. 5480